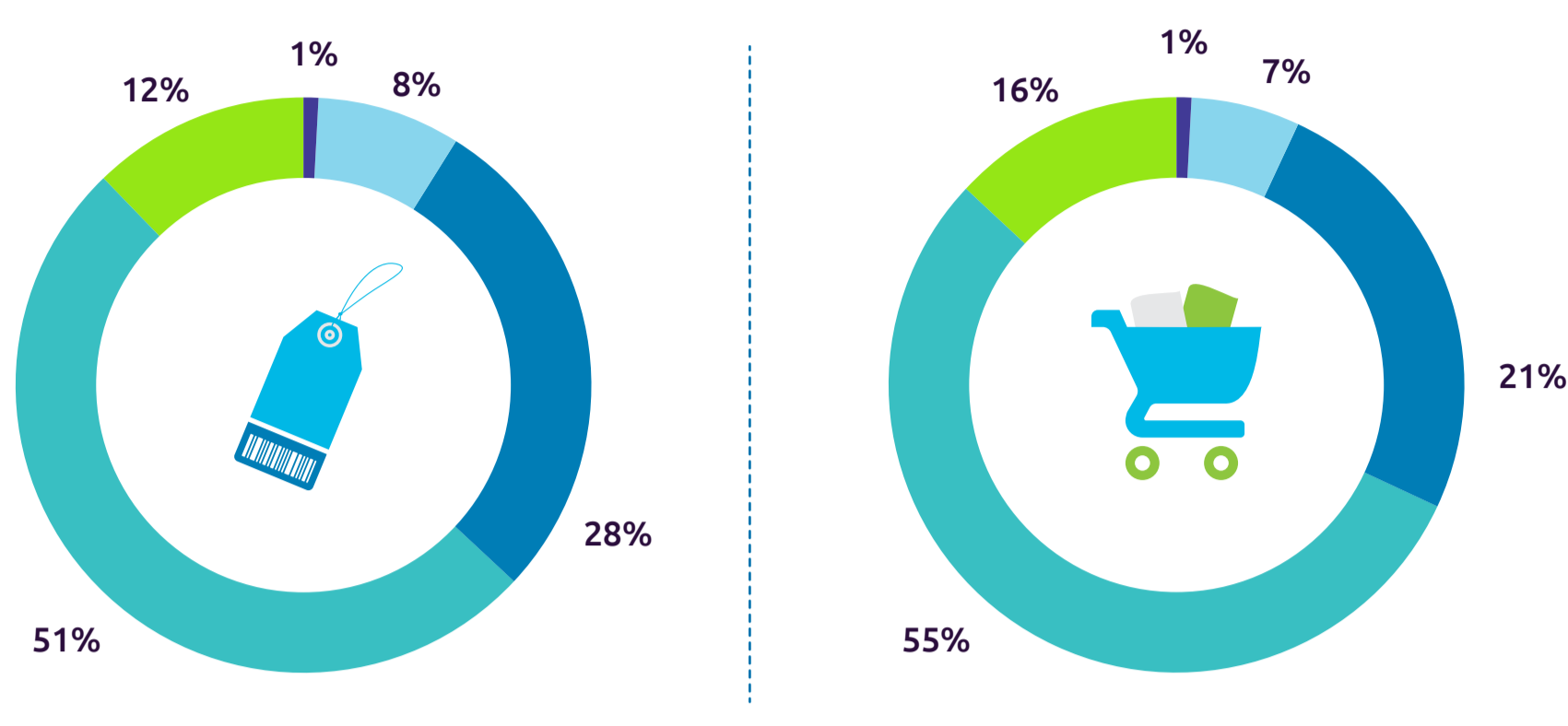


# The wake-up call:

Building supply chain resilience in consumer products and retail for a post-COVID world

## CPR organizations faced a significant disruption to their supply chain early in the pandemic

Share of organizations on time it took or might take for their supply chain to recover from disruptions (i.e., to resume operations) due to the COVID-19 crisis



Source: Capgemini Research Institute, Supply Chain Survey, August-September 2020, N=344 CPR organizations.

**66%** of consumer products companies and **69%** of retailers had difficulties in demand planning due to lack of data on fluctuating demand.

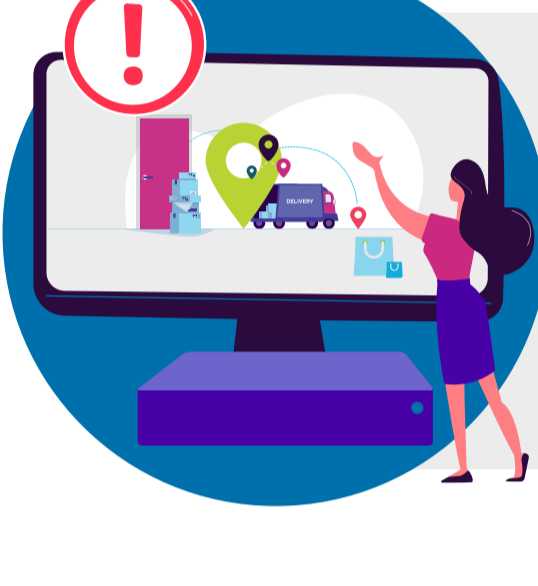
**70%** of consumer products companies and **65%** of retailers lost sales due to frequent stockouts.

## CPR organizations have modified their supply chains in response to COVID



**66%** of CPR organizations say they believe their supply chain strategy will change significantly in the next three years as they adapt to the pandemic post COVID-19

## CPR organizations are shifting from globalization to localization of the supplier and manufacturing base

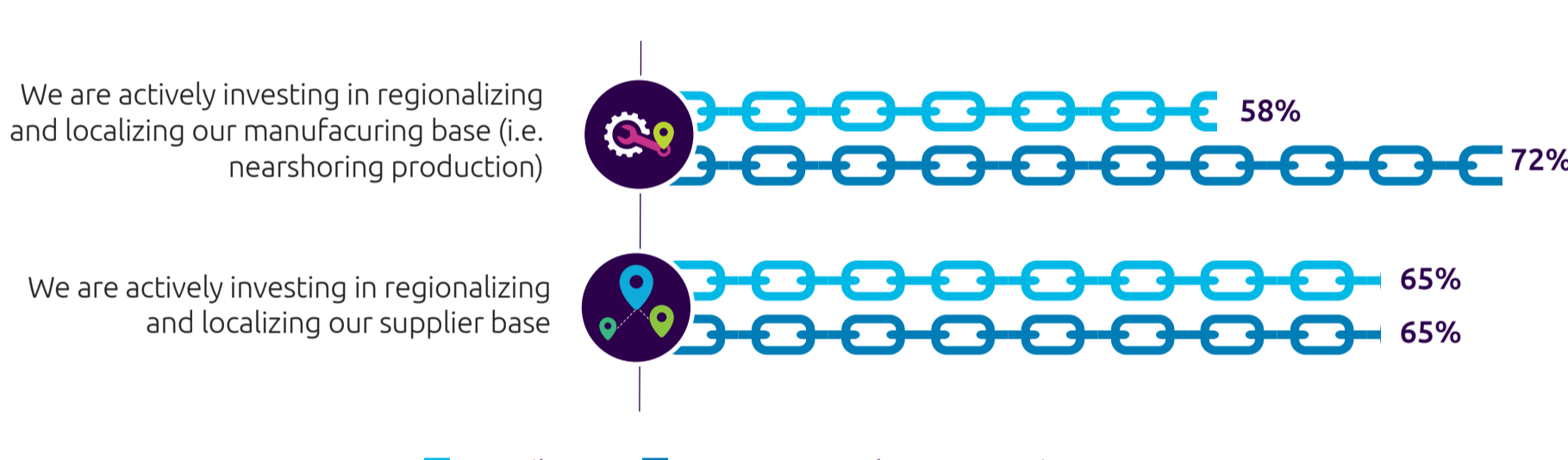


Overall, both retailers and consumer products firms plan to reduce the share of pure global suppliers and manufacturers to around a quarter of their portfolio.

**65%** of CPR organizations are investing in regionalizing and localizing their supplier base.



### Impact of COVID 19 on sourcing and manufacturing strategy



Source: Capgemini Research Institute, Supply Chain Survey, August-September 2020, N=400 consumer products and retail organizations.

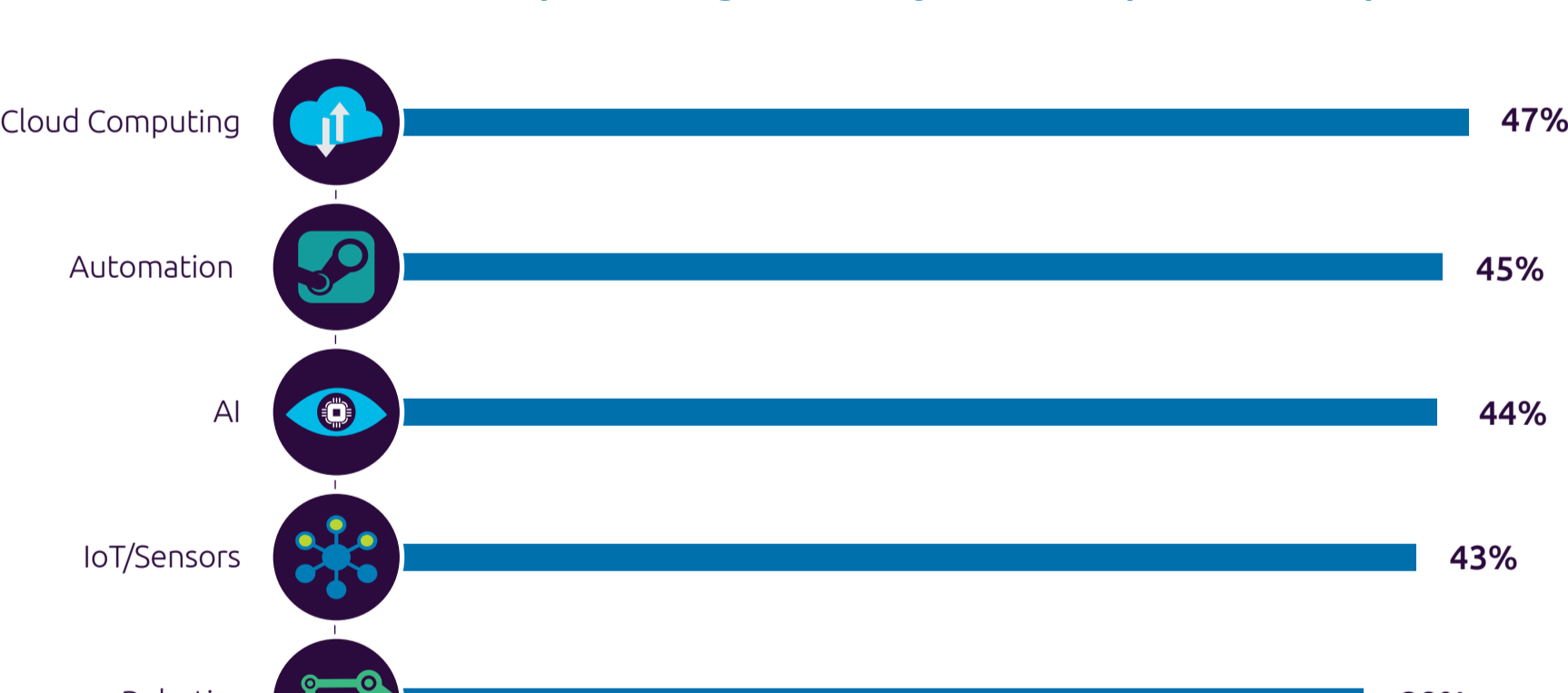
## Organizations are accelerating their investments in technology for supply chain digitization



**58%** of retailers and **61%** of consumer products companies say they will increase investments in digitization of the supply chain.

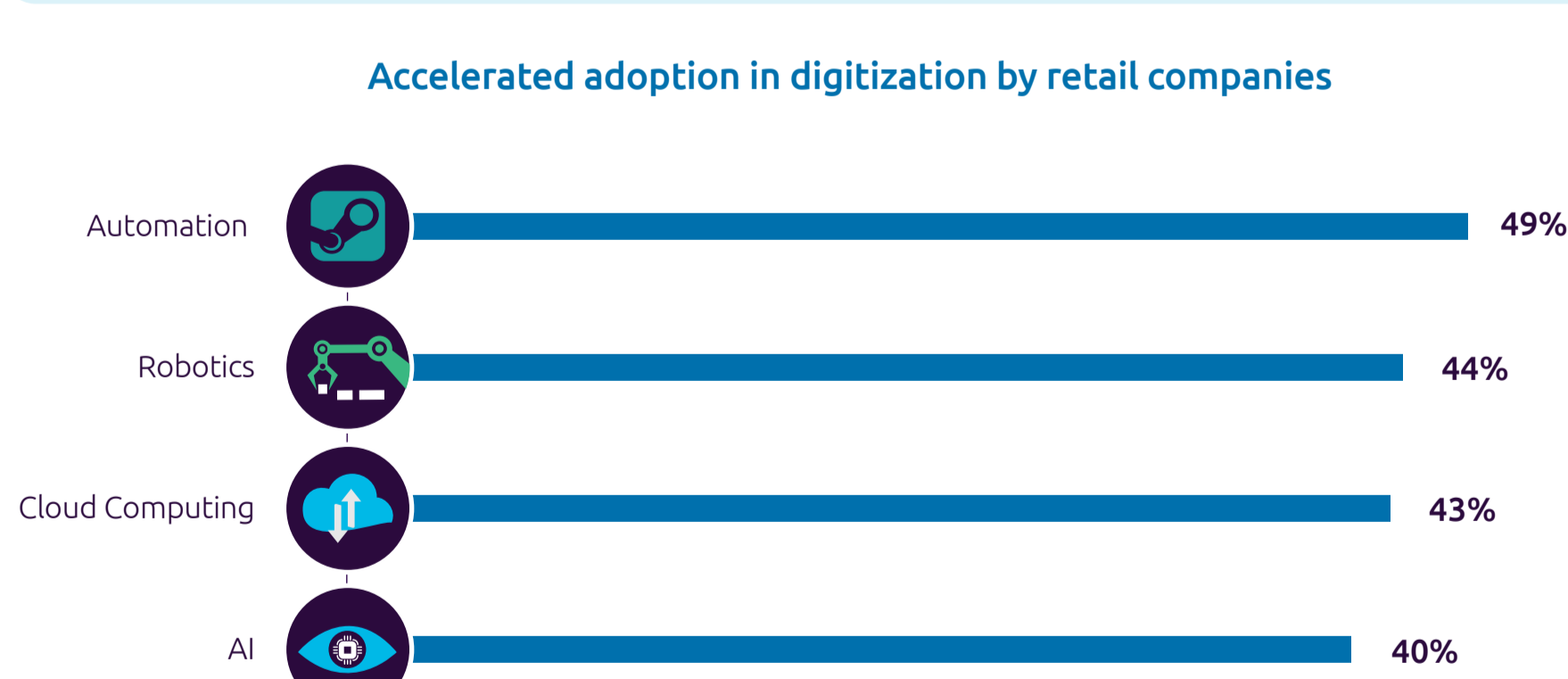
Investments in supply chain digitization, especially cloud computing, by consumer products companies set to increase

### Accelerated adoption in digitization by consumer products companies



Investments in supply chain digitization, especially automation, by retail organizations set to increase

### Accelerated adoption in digitization by retail companies



Source: Capgemini Research Institute, Supply Chain Survey, August-September 2020, N=400 CPR organizations.

\*Automation – business process automation, robotics process automation.

## Accelerate supply chain resilience

We recommend that organizations focus on three priorities to build supply chain resilience:

**Realign**

Realign supply-chain strategy to adapt to pandemic challenges

- Assess supply chain resilience for agility, visibility, diversification and contingency planning
- Move from demand planning to demand sensing
- Control visibility as route to supply chain visibility

**Automate**

Industrialize automation across the entire supply chain

- Accelerate steps to warehouse automation
- Redesign store layout to enable automation for fulfillment
- Delivery automation to meet consumer needs for safety and hygiene

**Overhaul**

Overhaul last-mile delivery to ride through disruptions

- Optimize store network for last-mile delivery
- Create flexible workforce policies and collaborative models for fulfillment
- Augment direct to customer delivery models

Source: Capgemini Research Institute Analysis.

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